

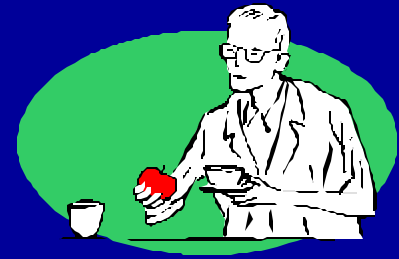
Tax Issues

For the

Elderly

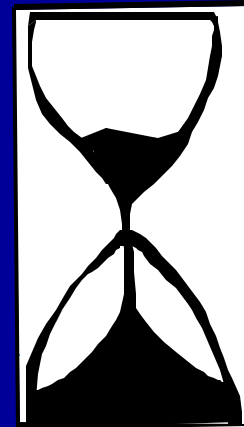
and

Disabled



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Business Owners



- Retirement
- Disability
- Death
- Business Contingencies

What will you do?



And The Choices Are:

➤ **Retain**

Who will manage profitably?

➤ **Sell**

Who will be ready with cash?

➤ **Liquidate**

How deep will the discount be?

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Retirement Check List

➤ Financial

Income Sources

Estate Issues

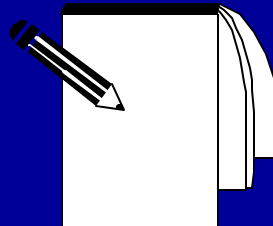
Insurance

➤ Health

Social Security

Medicare

Insurance



Owners Only 401(k)

➤ The Basic Elements

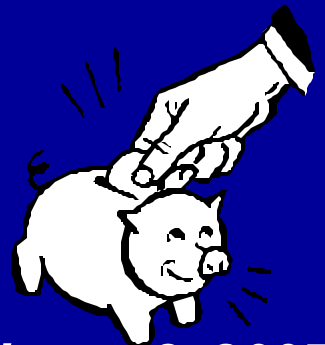
Employer Contribution 25%
(Sole Prop 20%)

Salary Deferral (\$14,000)*

Catch-up Contributions (\$4,000)*

Max = \$42,000 (\$46,000)*

* Tax Year 2005



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Using The Strategy

➤ **Owners Only**

Sole Proprietors or 5% Owners
and Spouse

➤ **Flexibility Issues**

Borrow up to 50%

Accept rollovers

No FICA on Contributions

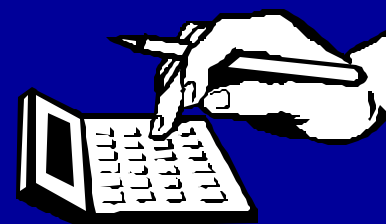


Taxation in Retirement

➤ Options Before Retirement

Roth IRAs

Annuities



➤ After Retirement - Distributions

RBD – Required Beginning Date

RMD – Required Minimum Distribution

Benefits of Annuities

- Tax Deferral
- Tax Control
- Guaranteed Death Benefit
- Lifetime Income Options





Disability

➤ **Avoid Guardianship with:**

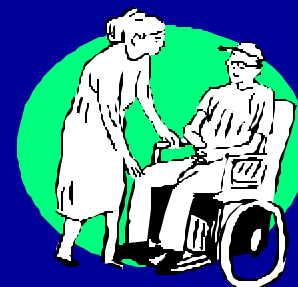
1. Financial Durable Power of Attorney
 2. Medical Durable Power of Attorney
 3. Comprehensive Living Will
 4. HIPAA Compliant Privacy Releases
 5. Revocable Living Trust (if Assets)
- [[www . minimal . com](http://www.minimental.com)]

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Disability

The Nursing Home Dilemma

- Medicare
- Medicaid
- Annuities
- Insurance



Long Term Care Insurance

➤ What It Covers

1. Home Care
2. Assisted Living Care
3. Nursing Home Care

Deduction Limited

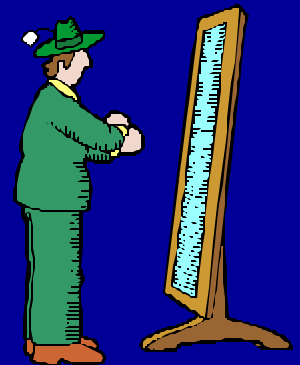


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Accessing Benefits

➤ Activities of Daily Living (ADL)

1. Bathing
2. Continence
3. Dressing
4. Feeding
5. Toileting
6. Transferring (bed)
7. Ambulating



Accessing Benefits

➤ Instrumental Activity (IADL)

1. Cooking
2. Grocery Shopping
3. Travel to Doctor
4. Cleaning House
5. Doing Laundry
6. Manage Medications
7. Pay Bills
8. Make Phone Calls





Policy Checklist

1. Three or More Triggers
2. Medical Necessity Clause
3. Covers greatest number ADL/IADL
4. Requires loss of fewest ADL/IADL
5. Pays for IADL assistance (identified)
6. Allows physician to determine trigger
7. Be careful with tax-qualified policy

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Home Health Care

- Deductibility depends on the services performed, NOT who performs them
[*Regulation 1.213-1(e)(1)(ii)*]
- Capital Expenditures have limited deductibility (actual cost less value added + operational costs)
[*Regulation 1.213-1(e)(1)(iii)*]

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Medicare – Home Care

- Medicare pays full cost home visits IF:
 - ✓ Under Doctor's Care
 - ✓ Confined to Home
 - ✓ Need nursing care, physical or speech therapy

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Medicare-Nursing Facility

- **100 Days provided:**
 - ✓ Require Daily Care
 - ✓ Hospitalized for 3 days prior
 - ✓ Admitted to SNF for same condition
 - ✓ Within 30 days of hospital discharge
 - ✓ Certified by Medical Professional
- Custodial Care not included

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Medicare – Nursing Facility

- **Semi-private room and board, nursing and rehabilitative services and other services and supplies**
 - ✓ First 20 days – 100%
 - ✓ Days 21-100 – All but \$114 per day
 - ✓ Beyond 100 days - Nothing

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Medicaid–Exempt Assets

Primary Residence	Prepaid Funeral & Burial Account (\$1,500)
A Car	Term Life Insurance (No Cash Value)
Jewelry & Household Effects	Some Business Property (varies by state)

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Medicaid-Countable Assets

Cash & CDs over
\$2,000

Investment Property

Stocks & Bonds

Whole Life Insurance

IRAs & Keoghs

Vacation Homes &
2nd Vehicles

Annuities (SP),
Treasury Notes &
Savings Bonds

All Other Assets Not
Specifically Excluded

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Check List for Survivors

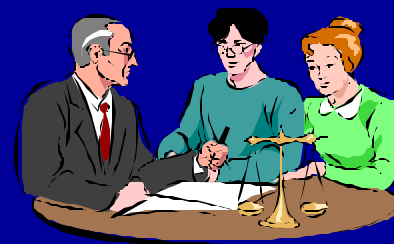
➤ Executor Duties

1. Identify, classify and value assets
2. Preserve assets
3. Pay claims
4. Final Distributions
5. File Tax Returns

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Asset Classifications

- Joint Tenancy with Survivorship
- Probate or Single Registration
- Designated Beneficiary
- Trust Registration
- Other



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Notifications

- Family, friends
- Lessor
- Funeral home
- Organ Bank
- Powers of Attorney
- Executor
- Attorney
- Financial Advisor
- Pension Custodians
- Employer Personnel
- Labor Union
- Insurance Agent
- Bank
- VA
- State Motor Vehicle
- Local Property Tax

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Practitioner Resources

➤ NSA Serving Aging America Series

nsacct.org

➤ Social Security

ssa.gov/retire

2minus1.com

➤ Veterans

www1.va.gov/opa/vadocs/current_benefits.htm

